

## **C - Economic Development Cabinet**

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## **C - Economic Development Cabinet**

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	19,221,100	19,221,100		24,641,700	24,641,700		31,737,100	34,088,100	2,351,000
Restricted Funds	4,600,600	4,600,600		4,086,600	4,386,600	300,000	4,107,600	4,257,600	150,000
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
<b>Regular Total Funds</b>	<b>23,977,100</b>	<b>23,977,100</b>		<b>28,883,700</b>	<b>29,183,700</b>	<b>300,000</b>	<b>36,000,100</b>	<b>38,501,100</b>	<b>2,501,000</b>
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
<b>TOTAL FUNDS</b>	<b>24,478,800</b>	<b>24,478,800</b>		<b>32,960,400</b>	<b>33,260,400</b>	<b>300,000</b>	<b>39,123,700</b>	<b>41,624,700</b>	<b>2,501,000</b>

**II. EXPENDITURE CATEGORY**

Personnel Costs	10,501,300	10,501,300		10,880,000	10,880,000		11,020,800	11,020,800	
Operating Expenses	2,017,700	2,017,700		1,854,600	1,854,600		1,854,600	1,854,600	
Grants, Loans, Benefits	11,725,800	11,725,800		20,225,800	20,525,800	300,000	23,266,300	22,391,300	(875,000)
Debt Service	234,000	234,000					2,982,000	6,358,000	3,376,000
<b>TOTAL EXPENDITURES</b>	<b>24,478,800</b>	<b>24,478,800</b>		<b>32,960,400</b>	<b>33,260,400</b>	<b>300,000</b>	<b>39,123,700</b>	<b>41,624,700</b>	<b>2,501,000</b>

**III. BASE LEVEL BUDGET BY FUND SOURCE**

General Fund	19,221,100	19,221,100		16,341,700	12,806,000	(3,535,700)	16,455,100	11,889,000	(4,566,100)
Restricted Funds	4,600,600	4,600,600		4,086,600	2,946,600	(1,140,000)	4,107,600	2,967,600	(1,140,000)
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
<b>Regular Total Funds</b>	<b>23,977,100</b>	<b>23,977,100</b>		<b>20,583,700</b>	<b>15,908,000</b>	<b>(4,675,700)</b>	<b>20,718,100</b>	<b>15,012,000</b>	<b>(5,706,100)</b>
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
<b>TOTAL BASE LEVEL</b>	<b>24,478,800</b>	<b>24,478,800</b>		<b>24,660,400</b>	<b>19,984,700</b>	<b>(4,675,700)</b>	<b>23,841,700</b>	<b>18,135,600</b>	<b>(5,706,100)</b>

**IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE**

General Fund				8,300,000	11,835,700	3,535,700	15,282,000	22,199,100	6,917,100
Restricted Funds					1,440,000	1,440,000		1,290,000	1,290,000
<b>TOTAL ADDITIONAL</b>				<b>8,300,000</b>	<b>13,275,700</b>	<b>4,975,700</b>	<b>15,282,000</b>	<b>23,489,100</b>	<b>8,207,100</b>

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Capital Budget

## Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				30,000,000	112,500,000	82,500,000			
<b>TOTAL CAPITAL</b>				<b>30,000,000</b>	<b>112,500,000</b>	<b>82,500,000</b>			

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	11,167,600	11,167,600		16,619,000	5,083,300	(11,535,700)	22,725,200	4,108,100	(18,617,100)
Restricted Funds	1,944,800	1,944,800		1,340,000	500,000	(840,000)	1,340,000	350,000	(990,000)
<b>Regular Total Funds</b>	<b>13,112,400</b>	<b>13,112,400</b>		<b>17,959,000</b>	<b>5,583,300</b>	<b>(12,375,700)</b>	<b>24,065,200</b>	<b>4,458,100</b>	<b>(19,607,100)</b>
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>13,112,400</b>	<b>13,112,400</b>		<b>17,959,000</b>	<b>5,583,300</b>	<b>(12,375,700)</b>	<b>24,065,200</b>	<b>4,458,100</b>	<b>(19,607,100)</b>
<b>II. EXPENDITURE CATEGORY</b>									
Personnel Costs	3,820,600	3,820,600		4,001,200	3,453,700	(547,500)	4,056,400	3,503,500	(552,900)
Operating Expenses	882,000	882,000		782,000	608,800	(173,200)	782,000	608,800	(173,200)
Grants, Loans, Benefits	8,175,800	8,175,800		13,175,800	1,520,800	(11,655,000)	17,175,800	345,800	(16,830,000)
Debt Service	234,000	234,000					2,051,000		(2,051,000)
<b>TOTAL EXPENDITURES</b>	<b>13,112,400</b>	<b>13,112,400</b>		<b>17,959,000</b>	<b>5,583,300</b>	<b>(12,375,700)</b>	<b>24,065,200</b>	<b>4,458,100</b>	<b>(19,607,100)</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	11,167,600	11,167,600		8,619,000	5,083,300	(3,535,700)	8,674,200	4,108,100	(4,566,100)
Restricted Funds	1,944,800	1,944,800		1,340,000	200,000	(1,140,000)	1,340,000	200,000	(1,140,000)
<b>Regular Total Funds</b>	<b>13,112,400</b>	<b>13,112,400</b>		<b>9,959,000</b>	<b>5,283,300</b>	<b>(4,675,700)</b>	<b>10,014,200</b>	<b>4,308,100</b>	<b>(5,706,100)</b>
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>13,112,400</b>	<b>13,112,400</b>		<b>9,959,000</b>	<b>5,283,300</b>	<b>(4,675,700)</b>	<b>10,014,200</b>	<b>4,308,100</b>	<b>(5,706,100)</b>
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>									
General Fund				8,000,000		(8,000,000)	14,051,000		(14,051,000)
Restricted Funds					300,000	300,000		150,000	150,000
<b>TOTAL ADDITIONAL</b>				<b>8,000,000</b>	<b>300,000</b>	<b>(7,700,000)</b>	<b>14,051,000</b>	<b>150,000</b>	<b>(13,901,000)</b>
<b>V. ADDITIONAL BUDGET ITEMS</b>									
<b>3 GB</b>	<b>Secretary - Commercialization and Innovation</b>								
ABRC36A0002	Provide funds to support contract and grant expenses for the Commercialization and Innovation program.								
General Fund				8,000,000		(8,000,000)	12,000,000		(12,000,000)
<b>Project Total</b>				<b>8,000,000</b>		<b>(8,000,000)</b>	<b>12,000,000</b>		<b>(12,000,000)</b>
<b>4 CONT</b>	<b>Kentucky Technology Service Grant</b>								
ABRC36A0011	Provides support for the KY Technology Service Grant to be administered by the KY Manufacturing Assistance Center.								
Restricted Funds					300,000	300,000		150,000	150,000
<b>Project Total</b>					<b>300,000</b>	<b>300,000</b>		<b>150,000</b>	<b>150,000</b>

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Secretary

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>7 CONT Debt Service</b>								
ABRC36A0006 Provide debt service to support Bond Funds totaling \$20 million to fund the High Tech Construction/High Tech Investment Pools.								
General Fund						2,051,000		(2,051,000)
<b>Project Total</b>						<b>2,051,000</b>		<b>(2,051,000)</b>
<b>TOTAL ADDITIONAL</b>			<b>8,000,000</b>	<b>300,000</b>	<b>(7,700,000)</b>	<b>14,051,000</b>	<b>150,000</b>	<b>(13,901,000)</b>

## TRANSFERS TO THE GENERAL FUND

## Secretary

Agency Revenue Fund	200,000	200,000
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<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>
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**Fiscal Biennium 2006-2008  
Budget Modification Report**

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**Office of the Secretary**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of the Secretary, Restricted Funds of \$200,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Louisville Waterfront Development Corporation:** Included in the above General Fund appropriation is \$420,800 in fiscal year 2006-2007 and \$420,800 in fiscal year 2007-2008 for the Louisville Waterfront Development Corporation."

**"New Economy High-Tech Construction and High-Tech Investment Pools:** Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

**"Funding for Commercialization and Innovation:** Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

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**Office of the Secretary**

**"Economic Development Bond Issues:** Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact."

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House deletes Part I, Operating language provisions relating to the Department for Commercialization and Innovation.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

**"Kentucky Technology Service Grant:** Included in the above Restricted Funds appropriation is \$300,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Kentucky Technology Service Grant administered by the Kentucky Manufacturing Assistance Center. Included in the above General Fund appropriation is \$150,000 in fiscal year 2007-2008 for the Kentucky Technology Service Grant."

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Capital Budget

## Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				20,000,000		(20,000,000)			
<b>TOTAL CAPITAL</b>				<b>20,000,000</b>		<b>(20,000,000)</b>			
<b>II. CAPITAL PROJECTS</b>									
<b>1</b>	<b>New Economy High-Tech Construction/Investment Pools</b>								
PRJC361490									
Bond Funds				20,000,000		(20,000,000)			
<b>Project Total</b>				<b>20,000,000</b>		<b>(20,000,000)</b>			
<b>TOTAL CAPITAL</b>				<b>20,000,000</b>		<b>(20,000,000)</b>			

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Commercialization and Innovation

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>								
General Fund				11,535,700	11,535,700		17,592,100	17,592,100
Restricted Funds				1,140,000	1,140,000		1,140,000	1,140,000
<b>Regular Total Funds</b>				<b>12,675,700</b>	<b>12,675,700</b>		<b>18,732,100</b>	<b>18,732,100</b>
Use of Continuing								
<b>TOTAL FUNDS</b>				<b>12,675,700</b>	<b>12,675,700</b>		<b>18,732,100</b>	<b>18,732,100</b>
<b>II. EXPENDITURE CATEGORY</b>								
Personnel Costs				547,500	547,500		552,900	552,900
Operating Expenses				173,200	173,200		173,200	173,200
Grants, Loans, Benefits				11,955,000	11,955,000		15,955,000	15,955,000
Debt Service							2,051,000	2,051,000
<b>TOTAL EXPENDITURES</b>				<b>12,675,700</b>	<b>12,675,700</b>		<b>18,732,100</b>	<b>18,732,100</b>
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>								
General Fund				11,535,700	11,535,700		17,592,100	17,592,100
Restricted Funds				1,140,000	1,140,000		1,140,000	1,140,000
<b>TOTAL ADDITIONAL</b>				<b>12,675,700</b>	<b>12,675,700</b>		<b>18,732,100</b>	<b>18,732,100</b>
<b>V. ADDITIONAL BUDGET ITEMS</b>								
<b>1 NEW</b>	<b>Department of Commercialization and Innovation</b>							
ABRC36E0001	Provide support to establish the Department of Commercialization and Innovation as a new appropriation unit within the Cabinet for Economic Development.							
General Fund				11,535,700	11,535,700		17,592,100	17,592,100
<b>Project Total</b>				<b>11,535,700</b>	<b>11,535,700</b>		<b>17,592,100</b>	<b>17,592,100</b>
<b>2 NEW</b>	<b>Department of Commercialization and Innovation</b>							
ABRC36E0002	Provide support to establish the Department of Commercialization and Innovation as a new appropriation unit within the Cabinet for Economic Development.							
Restricted Funds				1,140,000	1,140,000		1,140,000	1,140,000
<b>Project Total</b>				<b>1,140,000</b>	<b>1,140,000</b>		<b>1,140,000</b>	<b>1,140,000</b>
<b>TOTAL ADDITIONAL</b>				<b>12,675,700</b>	<b>12,675,700</b>		<b>18,732,100</b>	<b>18,732,100</b>

**Fiscal Biennium 2006-2008  
Budget Modification Report**

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**Department of Commercialization and Innovation**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill contained no provision relating to the reorganization of the Department of Commercialization and Innovation.

**HOUSE REPORT**

The House Report adds the Department of Commercialization and Innovation as a new appropriation unit.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**"Debt Service:** Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

**"Funding for Commercialization and Innovation:** Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

**"Kentucky Life Sciences Commercialization Program:** Included in the above General Fund appropriation is \$5,000,000 in fiscal year 2006-2007 and \$5,000,000 in fiscal year 2007-2008 for the Kentucky Life Sciences Commercialization Program."

**"Small Business Innovation Research Incentive Program:** Included in the above General Fund appropriation is \$2,050,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-2008 for Phase I of the Small Business Innovation Research Incentive Program. Included in the above General Fund appropriation is \$4,300,000 in fiscal year 2007-2008 for Phase II of the Small Business Innovation Research Incentive Program."

**"Strategic Analysis of Technologies:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a Strategic Analysis of Technologies."



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**Department of Commercialization and Innovation**

**"Statewide Science and Technology Assets Database:** Included in the above General Fund appropriation is \$300,000 in fiscal year 2006-2007 and \$250,000 in fiscal year 2007-2008 for a Statewide Science and Technology Assets Database."

**"Life Sciences and Biotechnology Assessment:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for a Life Sciences and Biotechnology Assessment."

**"Nanoscience Analysis and Strategic Plan:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Nanoscience Analysis and Strategic Plan."

**"Statewide Business Plan Competition and Awards:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal year 2007-2008 for a Statewide Business Plan Competition and Awards."

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Capital Budget

## Commercilization and Innovation

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE								
Bond Funds				20,000,000	20,000,000			
TOTAL CAPITAL				20,000,000	20,000,000			
II. CAPITAL PROJECTS								
1	New Economy High-Tech Construction/Investment Pools							
PRJC36E0001								
Bond Funds				20,000,000	20,000,000			
Project Total				20,000,000	20,000,000			
TOTAL CAPITAL				20,000,000	20,000,000			

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## New Business Development

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
<b>Regular Total Funds</b>	<b>2,261,600</b>	<b>2,261,600</b>		<b>2,112,200</b>	<b>2,112,200</b>		<b>2,124,500</b>	<b>2,124,500</b>	
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>2,261,600</b>	<b>2,261,600</b>		<b>2,112,200</b>	<b>2,112,200</b>		<b>2,124,500</b>	<b>2,124,500</b>	
<b>II. EXPENDITURE CATEGORY</b>									
Personnel Costs	1,795,000	1,795,000		1,645,600	1,645,600		1,657,900	1,657,900	
Operating Expenses	466,600	466,600		466,600	466,600		466,600	466,600	
<b>TOTAL EXPENDITURES</b>	<b>2,261,600</b>	<b>2,261,600</b>		<b>2,112,200</b>	<b>2,112,200</b>		<b>2,124,500</b>	<b>2,124,500</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
<b>Regular Total Funds</b>	<b>2,261,600</b>	<b>2,261,600</b>		<b>2,112,200</b>	<b>2,112,200</b>		<b>2,124,500</b>	<b>2,124,500</b>	
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>2,261,600</b>	<b>2,261,600</b>		<b>2,112,200</b>	<b>2,112,200</b>		<b>2,124,500</b>	<b>2,124,500</b>	

**Fiscal Biennium 2006-2008  
Budget Modification Report**

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**Business Development**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

**HOUSE REPORT**

The House concurs with the Branch.

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		4,131,000	7,507,000	3,376,000
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		5,941,600	9,317,600	3,376,000
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL FUNDS	5,548,700	5,548,700		9,066,300	9,066,300		9,065,200	12,441,200	3,376,000
II. EXPENDITURE CATEGORY									
Personnel Costs	1,923,800	1,923,800		1,941,400	1,941,400		1,968,800	1,968,800	
Operating Expenses	124,900	124,900		124,900	124,900		124,900	124,900	
Grants, Loans, Benefits	3,500,000	3,500,000		7,000,000	7,000,000		6,040,500	6,040,500	
Debt Service							931,000	4,307,000	3,376,000
TOTAL EXPENDITURES	5,548,700	5,548,700		9,066,300	9,066,300		9,065,200	12,441,200	3,376,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		3,200,000	3,200,000	
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		5,010,600	5,010,600	
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL BASE LEVEL	5,548,700	5,548,700		9,066,300	9,066,300		8,134,200	8,134,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							931,000	4,307,000	3,376,000
TOTAL ADDITIONAL							931,000	4,307,000	3,376,000
V. ADDITIONAL BUDGET ITEMS									
4	EXPAN	Debt Service							
ABRC36D0003	Provide debt service to support \$10 million in Bond Funds to fund the Economic Development Bond Pool.								
	HOUSE: Provide debt service to support an additional \$7.5 million in Bond Funds.								
General Fund							931,000	815,000	(116,000)
Project Total							931,000	815,000	(116,000)
5	NEW	Louisville Arena							
ABRC36D0004	Provide grant funds to support construction of the Louisville Arena at the water company site.								
General Fund								3,492,000	3,492,000
Project Total								3,492,000	3,492,000

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Financial Incentives

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
TOTAL ADDITIONAL						931,000	4,307,000	3,376,000

## TRANSFERS TO THE GENERAL FUND

## Financial Incentives

Kentucky Economic Development Finance Authority (KRS 154.20-010 to 154.20-150)	700,000	700,000
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TOTAL	700,000	700,000
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**Fiscal Biennium 2006-2008  
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**Financial Incentives**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

**"Debt Service:** Included in the above General Fund appropriation is \$931,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

**"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward."

**"ConnectKentucky and Community Broadband Development Grants:** Notwithstanding KRS 154.12-278, \$1,000,000 in each year of the biennium of Kentucky High-Tech Investment Pool funds may be used for a grant to administer the ConnectKentucky program. Local governments may apply for grants from the Kentucky High-Tech Investment Pool to fund community-based projects designed to bring broadband technology to under served Kentucky communities."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**"Purchase Regional Industrial Park:** Included in the above appropriation is \$2,500,000 for the Purchase Regional Industrial Park Authority to support land use and development at the Purchase Regional Industrial Park as approved by the Kentucky Economic Development Finance Authority."

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

**Fiscal Biennium 2006-2008  
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**Financial Incentives**

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**"Debt Service:** Included in the above General Fund appropriation is \$4,307,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

**"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward. To the extent that offers are made and disbursements are required pursuant to 2005 Ky. Acts ch. 173, Part I, C.3.(2), beyond available appropriations, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed the additional training grant offers made, up to \$1,500,000."

The House deletes Part I, Operating language provision relating to ConnectKentucky and Community Broadband Development Grants.

The House amends Part V, Funds Transfer, to include the Kentucky Economic Development Finance Authority, Restricted Funds transfer of \$700,000 in fiscal year 2007-2008.

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Capital Budget

## Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				10,000,000	92,500,000	82,500,000			
<b>TOTAL CAPITAL</b>				<b>10,000,000</b>	<b>92,500,000</b>	<b>82,500,000</b>			
<b>II. CAPITAL PROJECTS</b>									
<b>2</b>	<b>Economic Development Bond Pool</b>								
PRJC361489									
Bond Funds				10,000,000	17,500,000	7,500,000			
<b>Project Total</b>				<b>10,000,000</b>	<b>17,500,000</b>	<b>7,500,000</b>			
<b>4</b>	<b>New Louisville Arena</b>								
PRJC36D0007									
Bond Funds					75,000,000	75,000,000			
<b>Project Total</b>					<b>75,000,000</b>	<b>75,000,000</b>			
<b>TOTAL CAPITAL</b>				<b>10,000,000</b>	<b>92,500,000</b>	<b>82,500,000</b>			

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## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Existing Business Development

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>								
General Fund	3,053,100	3,053,100	3,457,500	3,457,500		3,503,400	3,503,400	
Restricted Funds	347,600	347,600	210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400	155,400	155,400		155,400	155,400	
<b>Regular Total Funds</b>	<b>3,556,100</b>	<b>3,556,100</b>	<b>3,822,900</b>	<b>3,822,900</b>		<b>3,868,800</b>	<b>3,868,800</b>	
Use of Continuing								
<b>TOTAL FUNDS</b>	<b>3,556,100</b>	<b>3,556,100</b>	<b>3,822,900</b>	<b>3,822,900</b>		<b>3,868,800</b>	<b>3,868,800</b>	
<b>II. EXPENDITURE CATEGORY</b>								
Personnel Costs	2,961,900	2,961,900	3,291,800	3,291,800		3,337,700	3,337,700	
Operating Expenses	544,200	544,200	481,100	481,100		481,100	481,100	
Grants, Loans, Benefits	50,000	50,000	50,000	50,000		50,000	50,000	
<b>TOTAL EXPENDITURES</b>	<b>3,556,100</b>	<b>3,556,100</b>	<b>3,822,900</b>	<b>3,822,900</b>		<b>3,868,800</b>	<b>3,868,800</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>								
General Fund	3,053,100	3,053,100	3,157,500	3,157,500		3,203,400	3,203,400	
Restricted Funds	347,600	347,600	210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400	155,400	155,400		155,400	155,400	
<b>Regular Total Funds</b>	<b>3,556,100</b>	<b>3,556,100</b>	<b>3,522,900</b>	<b>3,522,900</b>		<b>3,568,800</b>	<b>3,568,800</b>	
Use of Continuing								
<b>TOTAL BASE LEVEL</b>	<b>3,556,100</b>	<b>3,556,100</b>	<b>3,522,900</b>	<b>3,522,900</b>		<b>3,568,800</b>	<b>3,568,800</b>	
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>								
General Fund			300,000	300,000		300,000	300,000	
<b>TOTAL ADDITIONAL</b>			<b>300,000</b>	<b>300,000</b>		<b>300,000</b>	<b>300,000</b>	
<b>V. ADDITIONAL BUDGET ITEMS</b>								
<b>6 GB</b>	<b>Existing Business Development - International Trade</b>							
ABRC36F0002	Provide funds to support increased operating cost in the South American Trade Office due to a decline in the value of the U.S. dollar.							
General Fund			50,000	50,000		50,000	50,000	
<b>Project Total</b>			<b>50,000</b>	<b>50,000</b>		<b>50,000</b>	<b>50,000</b>	
<b>7 GB</b>	<b>Existing Business Development - International Trade</b>							
ABRC36F0003	Provide funds to support increased operating cost due to the anticipated increase in the cost of doing business in China.							
General Fund			100,000	100,000		100,000	100,000	
<b>Project Total</b>			<b>100,000</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>	

## HOUSE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

## C - Economic Development Cabinet

## Operating Budget

## Existing Business Development

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
<b>9 NEW Existing Business Development - Small and Minority Business</b>								
ABRC36F0009	Provide funds to support a business development professional in Louisville to work with aspiring minority entrepreneurs.							
General Fund			150,000	150,000		150,000	150,000	
<b>Project Total</b>			<b>150,000</b>	<b>150,000</b>		<b>150,000</b>	<b>150,000</b>	
<b>TOTAL ADDITIONAL</b>			<b>300,000</b>	<b>300,000</b>		<b>300,000</b>	<b>300,000</b>	

**Fiscal Biennium 2006-2008  
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**Community Development**

**BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

**"Small and Minority Business Entrepreneurship:** The Kentucky Economic Development Finance Authority shall make available \$300,000 in fiscal year 2007-2008 for micro-business loans in the Small and Minority Business entrepreneurship program in the Department of Existing Business Development."

**HOUSE REPORT**

The House concurs with the Branch.

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